



1 COUNT ONE

2 [18 U.S.C. § 371]

3 [ALL DEFENDANTS]

4 A. INTRODUCTORY ALLEGATIONS

5 At times relevant to this Indictment:

6 1. The San Pedro Bay Port Complex, which is comprised of the
7 Ports of Los Angeles and Long Beach (the "San Pedro Bay Port
8 Complex"), was the busiest cargo container port in the Western
9 Hemisphere. For example, in 2023, the San Pedro Bay Port Complex
10 handled approximately 8.6 million Twenty-Foot equivalent units of
11 cargo capacity, the most in the nation, with over \$292 billion in
12 estimated trade value during the year.

13 2. The United States had established an inspection process to
14 protect vital national security interests and otherwise ensure that
15 goods are properly admitted into the United States. Among other
16 things, the law required entities or persons importing goods into the
17 United States to make available for inspection any goods they sought
18 to import into the United States. Importers were also required to
19 ensure that any cargo containers carrying their goods were securely
20 locked prior to inspection.

21 3. The United States Department of Homeland Security, United
22 States Customs and Border Protection ("CBP") was the government
23 agency responsible for inspecting imports. To execute its duties at
24 the San Pedro Bay Port Complex, CBP would search containers that CBP
25 selected for closer inspection. Once a cargo container was selected
26 for inspection, the importer of the container was required to arrange
27 for transportation of the container from the San Pedro Bay Port
28 Complex to a designated government inspection facility. During such

1 transportation, cargo containers were required to be secured with
2 bolt security seals until reaching the designated inspection
3 facility.

4 4. Defendant CHENYU ZHAO, also known as ("aka") "Jimmy," aka
5 "Xiao Yu" ("ZHAO"), and his sister, defendant CHENMIAO ZHAO, aka
6 "CiCi" ("C. ZHAO"), operated an import business out of a warehouse
7 located on East Valley Boulevard in the City of Industry, California
8 (the "East Valley Contraband Warehouse"), and directed the illegal
9 diversion of cargo containers and arranged payments to the drivers
10 who transported the containers and swapped the cargo contained
11 therein.

12 B. OBJECTS OF THE CONSPIRACY

13 Beginning on an unknown date, but no later than in or around
14 January 2024, and continuing until at least in or around February
15 2025, defendants ZHAO and C. ZHAO, and others known and unknown to
16 the Grand Jury, knowingly conspired and agreed with each other to:

17 1. smuggle goods into the United States, in violation of Title
18, United States Code, Section 545; and

19 2. without authority, willfully remove customs seals placed
20 upon vessels, vehicles, and packages containing merchandise in
21 customs custody, in violation of Title 18, United States Code,
22 Section 549.

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1 C. MEANS BY WHICH THE OBJECTS OF THE CONSPIRACY WERE TO BE
2 ACCOMPLISHED

3 The objects of the conspiracy were to be accomplished in
4 substance as follows:

5 1. Co-conspirators known and unknown to the Grand Jury would
6 coordinate the shipment of tens of millions of dollars of counterfeit
7 and other illegal goods from China to the San Pedro Bay Port Complex.

8 2. Defendants ZHAO and C. ZHAO would maintain and operate a
9 warehouse to store, conceal, and sell large amounts of contraband
10 goods that were illegally imported into the United States.

11 3. When containers containing counterfeit and/or other
12 contraband goods were selected by CBP for inspection, defendants ZHAO
13 and C. ZHAO would hire truck drivers to transport the contraband
14 containers from the San Pedro Bay Port Complex to locations
15 controlled by the co-conspirators, including the East Valley
16 Contraband Warehouse, so that contraband goods could be removed from
17 the containers before CBP inspection.

18 4. At locations controlled by the co-conspirators, including
19 the East Valley Contraband Warehouse, co-conspirators known and
20 unknown to the Grand Jury would break the security seals on shipping
21 containers and remove contraband goods from the containers.

22 5. After removing the contraband goods from the containers,
23 co-conspirators known and unknown to the Grand jury would affix
24 counterfeit security seals onto the containers to conceal that cargo
25 had been removed from the containers.

26 6. Defendants ZHAO and C. ZHAO would direct co-conspirators to
27 transport the containers, and, after the containers had been emptied
28 of much of their original cargo and re-secured with counterfeit

1 seals, to return them to locations authorized by CBP for the
2 remaining cargo to be presented to CBP for inspection.

3 7. Defendants ZHAO and C. ZHAO would pay co-conspirators fees
4 that were substantially above normal trucking fees to transport the
5 contraband shipping containers.

6 D. OVERT ACTS

7 In furtherance of the conspiracy and to accomplish its objects,
8 on or about the following dates, defendants ZHAO and C. ZHAO, and
9 others known and unknown to the Grand Jury, committed various overt
10 acts within the Central District of California and elsewhere,
11 including, but not limited to, the following:

12 Overt Act No. 1: On January 18, 2024, using an electronic
13 messaging application, defendant C. ZHAO sent a co-conspirator
14 instructions about diverting a shipment containing contraband goods
15 and offered to pay a "\$10,000 Special handling fee" to the trucking
16 company.

17 Overt Act No. 2: On January 22, 2024, a co-conspirator sent
18 defendant C. ZHAO a text message about diverting a shipment
19 containing contraband goods, stating: "Did invoice for Shou Zhi Yong
20 get cancelled? . . . It was registered twice."

21 Overt Act No. 3: On January 22, 2024, in response to the
22 message referenced in Overt Act No. 2, defendant C. ZHAO responded by
23 sending an image of a check, then wrote: "BSIU9274904 Special
24 handling fee for trucking company 10000." BSIU9274904 refers to a
25 container that had been diverted from the San Pedro Bay Port Complex
26 prior to its CBP inspection.

27 Overt Act No. 4: On February 5, 2024, in an electronic
28 message to a co-conspirator, defendant C. ZHAO provided information

1 about diverting a shipment containing contraband goods from the San
2 Pedro Bay Port Complex before its CBP inspection: "SEKU9337193
3 \$10,000 Special handling fee issue a check To Mexican." SEKU9337193
4 refers to a container that had been diverted from the San Pedro Bay
5 Port Complex prior to its CBP inspection.

6 Overt Act No. 5: On February 8, 2024, in an electronic
7 message to a co-conspirator, defendant C. ZHAO provided information
8 about diverting a shipment containing contraband goods from the San
9 Pedro Bay Port Complex before its CBP inspection, stating:
10 "FSCU5926539 demurrage fee \$2310.45." FSCU5926539 refers to a
11 container that had been diverted from the San Pedro Bay Port Complex
12 prior to its CBP inspection.

13 Overt Act No. 6: On February 8, 2024, in an electronic
14 message to a co-conspirator, defendant C. ZHAO sent an image of a
15 check and wrote: "Also FSCU5926539 special handling fee \$10,000."

16 Overt Act No. 7: On February 23, 2024, in an electronic
17 message to a co-conspirator, defendant C. ZHAO listed the costs for a
18 particular set of diverted cargo containers containing contraband:
19 "TCKU7668918 \$2,455 demurrage fee / TCKU766918 \$435 late drayage fee
20 / OERU4093850 \$380 demurrage fee \$179.85 platform handling fee.
21 Total \$3449.85 / Operating fee for these two containers \$20,000."
22 TCKU7668918 and OERU4093850 refer to containers that had been
23 diverted from the San Pedro Bay Port Complex prior to their CBP
24 inspections.

25 Overt Act No. 8: On February 23, 2024, in an electronic
26 message to a co-conspirator, defendant C. ZHAO listed the costs for a
27 particular diverted cargo container containing contraband:
28 "OOCU6985991 Yijie special hand[1]ing container / \$10,000 to trucking

1 company + \$1804.05 demurrage fee = a check for \$11804.05.”
2 OOCU6985991 refers to a container that had been diverted from the San
3 Pedro Bay Port Complex prior to its CBP inspection.

4 Overt Act No. 9: On February 23, 2024, in an electronic
5 message to a co-conspirator, defendant C. ZHAO sent a photo of a
6 check and wrote: “\$5000 check for truck number 2.”

7 Overt Act No. 10: On February 28, 2024, in an electronic
8 message to a co-conspirator, defendant C. ZHAO listed the costs for a
9 particular cargo swap: “CMAU 3520926 \$10,000 operating fee, also
10 \$4,035 demurrage fee and \$685 late drayage fee. \$50.25 payment
11 transaction fee, he reduced the transaction fee for us because the
12 fee for the trucking company and other containers were paid
13 together.” CMAU 3520926 refers to a container that had been diverted
14 from the San Pedro Bay Port Complex prior to its CBP inspection.

15 Overt Act No. 11: On or before March 24, 2024, a co-
16 conspirator caused a fraudulent security seal with the number
17 MATU2576177 to be sent to defendant C. ZHAO at the East Valley
18 Contraband Warehouse. This seal number corresponded to a cargo
19 container seized on July 5, 2024, by CPB with over \$20,000,000 in
20 counterfeit apparel, shoes, bags, and perfume.

21 Overt Act No. 12: On or before March 30, 2024, a co-
22 conspirator caused a fraudulent security seal with the number
23 SZLU9427320 to be sent to defendant ZHAO at the East Valley
24 Contraband Warehouse.

25 Overt Act No. 13: On April 25, 2024, in an electronic message
26 sent to a co-conspirator, defendant C. ZHAO discussed the fees
27 associated with a particular cargo shipment of contraband: “These
28 swaps were handled by the trucking company we found, some indicated

1 which company, those have demurrage fee were all indicated, in
2 addition \$10,000 was paid for each container to the Mexican trucking
3 company." C. ZHAO followed her message with the following three
4 cargo container numbers: "SEKU9121630. BSIU9274904 (Quanyi).
5 SEKU9337193."

6 Overt Act No. 14: On June 25, 2024, defendants ZHAO and C.
7 ZHAO possessed significant quantities of counterfeit goods - valued
8 in the millions of dollars - and approximately 19.5 kilograms of a
9 white powder, later identified as enobosarm, an illicit steroid, at
10 the East Valley Contraband Warehouse.

11 Overt Act No. 15: On September 5, 2024, defendant C. ZHAO met
12 with an individual at the East Valley Contraband Warehouse who,
13 unbeknownst to her, was working with law enforcement (the "CS"). At
14 that meeting, defendant C. ZHAO discussed future cargo diversions and
15 said that she would consult with co-conspirators in China regarding
16 past-due payments to the CS for previous cargo diversions.

17 Overt Act No. 16: On September 6, 2024, defendant C. ZHAO met
18 with the CS outside of the East Valley Contraband Warehouse. During
19 the meeting, defendant C. ZHAO told the CS, among other things, that
20 she was nervous about proceeding with the cargo-swapping scheme after
21 law enforcement executed a search warrant at the East Valley
22 Contraband Warehouse in June 2024, but said she would be willing to
23 continue cargo-swapping if she found a new warehouse location.

24 Overt Act No. 17: On September 12, 2024, defendant C. ZHAO
25 sent the CS a text message in which she wrote that she and defendant
26 ZHAO would be willing to continue diverting shipments and wanted to
27 meet with the CS to discuss the details of moving forward with a new
28 warehouse location.

1 Overt Act No. 18: On or before September 20, 2024, defendant
2 C. ZHAO told the CS that she and defendant ZHAO were also looking for
3 "filler boxes" to use to replace the contraband cargo once the
4 containers were diverted. Defendant C. ZHAO also told the CS that
5 she had noticed that CBP was marking boxes in a particular way, and
6 that she had heard from defendant ZHAO that another warehouse she was
7 familiar with was raided by law enforcement and that two individuals'
8 homes were searched as well. Defendant C. ZHAO told the CS that she
9 only wanted to work with trusted customers moving forward.

10 Overt Act No. 19: On October 25, 2024, defendant ZHAO met the
11 CS at the East Valley Contraband Warehouse to plan future cargo
12 container diversions.

13 Overt Act No. 20: During the October 25, 2024, meeting at the
14 East Valley Contraband Warehouse, defendant ZHAO discussed the
15 payment to the CS for coordinating the diversion of a cargo container
16 containing prohibited agricultural items. During that conversation,
17 another co-conspirator directed the CS to remove and deliver the
18 contraband, then repack the container with "filler" goods to present
19 to CBP for inspection. The co-conspirator told the CS that he would
20 provide the CS with a counterfeit security seal that would replicate
21 the serial number of the seal on the diverted cargo container to
22 deceive CBP and evade customs and import laws.

23 Overt Act No. 21: On January 27, 2025, after learning that law
24 enforcement had charged and arrested multiple individuals engaged in
25 a similar illegal smuggling scheme, defendant ZHAO booked a one-way
26 flight from the Los Angeles International Airport to China.

1 COUNT TWO

2 [18 U.S.C. §§ 549, 2(a), 2(b)]

3 [ALL DEFENDANTS]

4 On or about August 24, 2023, in Los Angeles County, within
5 the Central District of California, defendants ZHAO and C. ZHAO
6 willfully and without authority removed and caused the removal of a
7 customs seal, namely, the seal on Container Number GLDU9359245, which
8 at all relevant times was in the custody of United States Customs and
9 Border Protection.

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1 COUNT THREE

2 [ALL DEFENDANTS]

3 [18 U.S.C. §§ 545, 2(a), 2(b)]

4 On or about August 24, 2023, in Los Angeles County, within the
5 Central District of California, and elsewhere, defendants ZHAO and C.
6 ZHAO fraudulently, knowingly, and willfully caused merchandise in
7 Container Number GLDU9359245 to be imported and brought into the
8 United States contrary to law, and received, concealed, and
9 facilitated the transportation and concealment of such merchandise,
10 knowing the merchandise to have been imported and brought into the
11 United States contrary to law, by, among other things, knowingly
12 failing to make the required declaration, failing to obtain the
13 required authorization to import such merchandise, and failing to
14 transport such merchandise through designated ports of entry into the
15 United States.

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1 FORFEITURE ALLEGATION

2 [18 U.S.C. §§ 982 and 545]

3 1. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal
4 Procedure, notice is hereby given that the United States of America
5 will seek forfeiture as part of any sentence, pursuant to Title 18,
6 United States Code, Sections 982 and 545, and Title 28, United States
7 Code, Section 2461(c), in the event of any defendant's conviction of
8 the offenses set forth in any Counts of this Indictment.

9 2. Any defendant so convicted shall forfeit to the United
10 States the following:

11 (a) All right, title, and interest in any and all property,
12 real or personal constituting, or derived from, any proceeds
13 obtained, directly or indirectly, as a result of each such offense;

14 (b) Any and all merchandise introduced into the United
15 States in violation of Title 18, United States Code, Section 545, or
16 the value thereof; and

17 (c) To the extent such property is not available for
18 forfeiture, a sum of money equal to the total value of the property
19 described in subparagraphs (a) and (b).

20 3. Pursuant to Title 21, United States Code, Section 853(p),
21 as incorporated by Title 18, United States Code, Section 982(b) and
22 Title 28, United States Code, Section 2461(c), any defendant so
23 convicted shall forfeit substitute property, up to the total value of
24 the property described in the preceding paragraph if, as the result
25 of any act or omission of said defendant, the property described in
26 the preceding paragraph, or any portion thereof:

27 (a) cannot be located upon the exercise of due diligence; (b)
28 has been transferred, sold to or deposited with a third party; (c)

1 has been placed beyond the jurisdiction of the Court; (d) has been
2 substantially diminished in value; or (e) has been commingled with
3 other property that cannot be divided without difficulty.

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5 A TRUE BILL

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7 /S/
8 Foreperson

9 JOSEPH T. MCNALLY
10 Acting United States Attorney

11 

12 DAVID T. RYAN
13 Assistant United States Attorney
Chief, National Security Division

14 IAN V. YANNIELLO
15 Assistant United States Attorney
Chief, Terrorism and Export
Crimes Section

16 AMANDA B. ELBOGEN
17 Assistant United States Attorney
Terrorism and Export Crimes
Section

18 COLIN S. SCOTT
19 Assistant United States Attorney
Terrorism and Export Crimes
Section

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